

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

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 In re:) PROMESA
) Title III
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 THE FINANCIAL OVERSIGHT AND)
 MANAGEMENT BOARD FOR PUERTO RICO,) No. 17 BK 3283-LTS
)
 as representative of) (Jointly Administered)
)
 THE COMMONWEALTH OF PUERTO RICO, *et al.*,) Re: ECF No. 21902
)
) Debtors.¹)
)
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**RESPONSE OF DLA PIPER LLP (US) AND DLA PIPER (PUERTO RICO) LLC
TO ORDER TO SHOW CAUSE REGARDING NON-COMPLIANCE WITH
THE PUERTO RICO RECOVERY ACCURACY IN DISCLOSURES ACT
AND THE COURT'S ORDERS RELATED THERETO**

DLA Piper LLP (US) and DLA Piper (Puerto Rico), LLC (together, “DLA Piper”) hereby submit the following response to the Court’s *Order to Show Cause Regarding Non-Compliance with the Puerto Rico Recovery Accuracy in Disclosures Act and the Court’s Orders Related Thereto* dated August 23, 2022 (the “Order to Show Cause”) and respectfully state as follows:

1. In December 2015, DLA Piper was engaged by the Government Development Bank for Puerto Rico (“GDB”) to provide services regarding (i) tax issues of the Commonwealth,

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17- BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17- BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

particularly the formulation of a corporate tax reform and (ii) the business operations and continuing disclosure obligations of the Commonwealth and its agencies as issuers of tax-exempt debt. Upon the creation of the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) and its undertaking of GDB’s duties as fiscal agent and financial advisor of the Commonwealth, those engagements were formally transferred to AAFAF in August 2016, in addition to other matters related to the ongoing engagements, particularly including the preparation of the Commonwealth Report; advocacy efforts in Washington, D.C. to pursue legislation and initiatives that incentivize economic development and protect Puerto Rico’s tax base; and the analysis and formulation of a banking reform. DLA Piper has been providing similar business and disclosure advice to the Commonwealth since December 2015. DLA Piper did not provide professional services to AAFAF in connection with the Commonwealth’s Title III case, other than the preparation and filing of fee applications.

2. The Puerto Rico Recovery Accuracy in Disclosures Act of 2021, Pub. L. No. 117-82 (“PRRADA”), was signed into law on January 20, 2022. 48 U.S.C. § 2178. Effective as of that date, “no attorney, accountant, appraiser, auctioneer, agent, or other professional person may be compensated under section 316 or 317 of [PROMESA] unless prior to making a request for compensation, the professional person has filed with the court a verified statement conforming to the disclosure requirements of rule 2014(a) of the Federal Rules of Bankruptcy Procedure setting forth the connection of the professional person with any entity or person on the List of Material Interested Parties.” See 48 U.S.C. § 2178(2)(b)(1). The professionals on the List of Material Interested Parties approved by the Court were required to file PRRADA disclosures by July 15, 2022. However, as noted by the United States Trustee in its *Comment and Related Status Report on the Verified Statements of Connections Filed by Professionals Under PRRADA*, those

professionals that did not file the PRRADA disclosures by this date but did not plan to file further fee applications “are technically in compliance with PRRADA.” *See* ECF No. 21840 at 6.

3. Under its current contract, DLA Piper is not performing Title III work and is not required to file fee applications (and has not been required to do so since prior to the enactment of PRRADA). DLA Piper filed its final fee application in the Title III case on July 15, 2019. *See* ECF No. 7973. The Court approved DLA Piper’s final fee application on March 8, 2021, approximately 10 months before PRRADA was enacted. *See* ECF No. 15971. Accordingly, because DLA Piper is not seeking further compensation in the Title III case, DLA Piper respectfully submits that it is not subject to the disclosure requirements of PRRADA.

Dated: August 29, 2022
San Juan, Puerto Rico

Respectfully submitted,

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